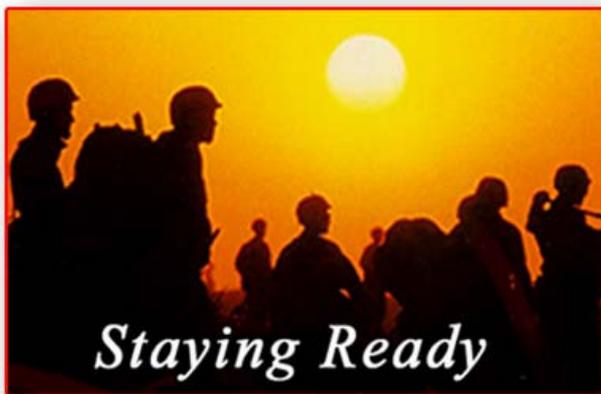




# *U.S. Army Medical Research Acquisition Activity*



## *Performance Based Service Acquisition Customer Training*



*Protect, Project, Sustain*



# ***PERFORMANCE BASED SERVICE ACQUISITION (PBSA)***

*PBSA Definition – PBSA is a mechanism applied to the acquisition of services. It involves strategies, methods, and techniques that describe and communicate measurable outcomes rather than direct performance processes. It is structured around defining a service requirement in terms of performance objectives and providing contractors the latitude to determine how to meet those objectives. Simply put, it is a method for acquiring what is required and placing the responsibility for how it is accomplished on the contractor.*



# **ORIGIN OF PBSA**

***March 1991***

***Office Of Federal Procurement Policy (OFPP)  
Letter 91-2***



# **PBSC OR PBSA?**

- *Prior to February 2000 – PBSC*
- *After February 2000 - PBSA*



# **DOD PBSA POLICY**

- *By 2005 – 50% of Service Acquisitions, measured in both dollars and actions, must be PBSA*



# **MANDATES FOR PBSA TRAINING**

- *Army Core-Contracting Workforce*
  - *100% PBSA Trained by 2002*
  
- *Statement of Work writers in DOD*
  - *100% Trained by 2005*

# **PBSA REGULATORY GUIDANCE**

- *Federal Acquisition Regulation (FAR) Subpart 37.6*
- *Defense Federal Acquisition Regulation Supplement (DFARS) 237.170-3*
- *<\$50 Million, non-use of PBSA – Approval by USAMRMC PARC*
- *>\$50 Million, non-use of PBSA – Approval by ASA(AL&T)*

# **PBSA EXCLUSIONS**

- 1. Architect-engineering services*
- 2. Construction*
- 3. Utility services*
- 4. Services that are incidental to supply purchases*

# **PBSA LIMITATIONS**

- 1. Research and Development*
- 2. Professional Medical Services*
- 3. Tuition, Registration, and Membership Fees*



# **OBJECTIVES OF USING PBSA**

- *Maximize Performance*
- *Maximize Competition and Innovation*
- *Encourage and Promote the use of Commercial Services*
- *Shift in Risk*
- *Achieve Savings*

# **THE PBSA TEAM**

- *Customer/User*
- *Technical Specialist/Project Manager*
- *Contracting Officer/Contract Specialist*
- *Cost/Price Analyst*
- *Performance Assessment Personnel*
- *Small and Disadvantaged Business Utilization Specialist*
- *Finance/Budget Officer*
- *Legal Advisor*

# MARKET RESEARCH

*Market research is the process of collecting and analyzing information on commercial capabilities, processes, pricing, incentives, warranties, and delivery, and other standard terms and conditions. This information is needed in order to determine the suitability of the marketplace for satisfying a need or a requirement.*

# MARKET RESEARCH

*Why conduct market research for a PBSA requirement?*



# **INGREDIENTS FOR A PBSA REQUIREMENT**

- 1. PERFORMANCE WORK STATEMENT (PWS)** – Through the development of performance outcomes, performance objectives, and performance standards/acceptable quality levels, the PWS is created. The PWS describes the requirement in terms of measurable standards rather than by means of prescriptive methods.
- 2. PERFORMANCE ASSESSMENT PLAN (PAP)** (also known as Quality Assurance Surveillance Plan (QASP) – Describes how contractor performance will be measured and assessed against the performance standards.
- 3. INCENTIVES AND REMEDIES** – Incentives are used to encourage performance that will exceed performance standards. They motivate high-quality performance. Remedies are procedures employed to manage performance that does not meet performance standards. Incentives and remedies are not an essential element for every PBSA requirement. These are usually employed when an acquisition is critical to agency mission or requires a large expenditure of funds.

# **DEVELOPING A PBSA PWS WITH MEASURABLE PERFORMANCE STANDARDS**

*Key thing to remember ..... describe requirements as outcomes, not in terms of how to accomplish the requirement.*



## **DEVELOPING A PBSA PWS (continued)**

### ***Performance Requirements Analysis***

- 1. Define the desired outcomes – What must be accomplished to satisfy the requirement?*

### ***Outcome Example:***

*Write a report for DOD wide dissemination entitled “The Physiological Effects of Altitude when Parachuting from above 10,000 feet”*

## **DEVELOPING A PBSA PWS (continued)**

### ***Performance Requirements Analysis***

- 2. Conduct an outcome analysis to identify performance objectives – What tasks must be accomplished to arrive at the desired outcomes?*

### ***Performance Objectives Samples:***

- Interview parachutists*
- Interview physicians*
- Interview researchers*
- Research previously written articles*
- Conceptualize the report format*
- Write draft report*
- Provide final report*

## **DEVELOPING A PBSA PWS (continued)**

### **Performance Requirements Analysis**

3. *Conduct a performance analysis to identify the appropriate performance standards and acceptable quality levels – When or how will I know that the outcome has been achieved and how much deviation from the standard will I allow, If any?*

### **Performance Standards/AQL Examples:**

- *Interview parachutists between March - September*
- *Interview at least 10 physicians*
- *Interview researchers in their labs for witnessing of demonstrations*
- *Focus on articles from AJM and TJMP within the past 5 years*
- *Format must be presented on 8" x 10" paper*
- *Draft report due NLT October 31*
- *Final report submission NLT December 31*



## **DEVELOPING A PBSA PWS (continued)**

### **Considerations in Performance Standard/AQL Development**

- *Response Times, Delivery Times, Meeting Deadlines or Due Dates*
- *Error Rates-Number of Mistakes/Errors Allowed in Meeting the Performance Standard/AQL*
- *Accuracy Rates-Similar to Error Rates (but most often stated in terms of percentages)*
- *Completion Milestone Rates-X Percent Complete at a Given Date*
- *Cost Control-Keeping Within the Estimated Cost or Target Cost*

## DEVELOPING A PBSA PWS (continued)

- *Manpower requirements and labor categories descriptions*
- *Historical and projected workload data*



## DEVELOPING A PBSA PWS (continued)

### *PERFORMANCE REQUIREMENTS SUMMARY (PRS)*

- *Outcomes + Objectives + Standards/AQLs=PRS*
- *The PRS is the baseline for performance work statement*

## PWS REVIEW CONSIDERATIONS

- *Will offerors be able to prepare a sound technical proposal?*
- *Will offerors be able to prepare a sound cost proposal?*
- *Are standards clearly identified so they measure performance?*
- *Are proper quantities and delivery dates articulated?*
- *Are referenced documents properly described and cited?*

# PERFORMANCE ASSESSMENT PLAN

*The performance assessment plan describes how government personnel will evaluate and assess contractor performance.*

*“A Living Document”*

# PERFORMANCE ASSESSMENT PLAN (continued)

## ***ASSESSMENT METHODS***

- *Random Sampling*
- *Periodic Sampling*
- *Trend Analysis*
- *Customer Feedback*
- *Third Party Audits*

# **PERFORMANCE ASSESSMENT PLAN (continued)**

## **PERFORMANCE OUTCOME** **(Support of a Call center operation)**

<b>Performance Objectives:</b> <ol style="list-style-type: none"> <li><b>Maintain all equipment and materials</b></li> <li><b>Develop and conduct a liaison program</b></li> <li><b>Develop and conduct a public outreach program</b></li> </ol>	<b>Performance Standards/AQLs:</b> <ol style="list-style-type: none"> <li><b>Equipment failures, non-availability, or maintenance shall not interfere with operations for more than x minutes during a month.</b></li> <li><b>Contact, by phone, visit or e-mail, at least x% of the offices each month, with at least x% of the offices having been contacted each year.</b></li> <li><b>Perform at least x% of the program each month, with at least x% of the program having been completed by the end of each year.</b></li> </ol>	<b>Performance Assessment:</b> <ol style="list-style-type: none"> <li><b>Random inspection; audit or review by third party.</b></li> <li><b>Perform random verification of list of contacts.</b></li> <li><b>Review contractor records, sample products. Review the effect on call volume in call records.</b></li> </ol>



# **PERFORMANCE ASSESSMENT PLAN (continued)**

## **PERFORMANCE OUTCOME**

### **(Year Round Maintenance of the Fort Detrick Parade Field)**

#### **Performance Objective:**

1. *Perform all tasks associated with providing care of the parade field including, but not limited to, fertilizing, watering, mowing, and trimming of this 200' x 300' area.*

#### **Performance Standards/AQLs:**

1. *Establish and implement a Government approved care plan for the parade field.*
2. *Not more than 3% of the parade field can be inhabited by weeds at any juncture between the April – October timeframe.*
3. *The condition of the grass shall, at all times, conform to the then current issue of “Standards of Lawn Care” published by the U.S. Lawn Federation.*

#### **Performance Assessment:**

1. *Each Monday , the COR will compare the condition/care of the parade field for conformance with the approved care plan.*
2. *The COR will conduct a random sampling of any 5' x 5' area of the parade field for the presence of weeds at any time.*
3. *On the first day of each month, the COR will take five grass plugs from randomly selected locations on the parade field and compare the condition of the plugs with the condition chart in the U.S. Lawn Federation’s “Standard of Lawn Care.”*

# INCENTIVES

- *Incentives can be monetary , non-monetary and can be based on cost, on schedule, or on quality of performance.*

# INCENTIVES (continued)

## *TYPES OF INCENTIVES*

- *Cost-Based Incentives*
- *Schedule Incentives*
- *Award-Fee Incentives*
- *Award-Term Incentives*
- *Past Performance*

## REMEDIES

- *Remedies are applied when services are not performed or do not meet contract requirements*

### TYPES OF REMEDIES

- *Reduction in price*
- *Reduction in profit/fee*
- *Re-Performance at no additional cost*
- *Increased surveillance*
- *Increased contractor reporting*

# STATEMENT OF OBJECTIVES (SOO)

## *Another Method for Developing a Performance Work Statement*

- *Emerging Methodology*
- *Process Reversal*
- *Short Documents*
- *Provide Basic, High-Level Objectives*

# ***COURSE AND INFORMATION SITES***

## ***PBSA TRAINING MODULES:***

***THE DEFENSE ACQUISITION UNIVERSITY CONTINUOUS LEARNING CENTER.....<http://dau.mil> (INSTRUCTIONS: Select "Continuous Learning" then select "Browse for Continuous Learning Modules." Then select the course name from the list.)***

***SEVEN STEPS TO PERFORMANCE BASED ACQUISITION....  
<http://www.arnet.gov/Library/OFPP/BestPractices/pbsc>***

***GUIDEBOOK FOR PERFORMANCE-BASED SERVICES ACQUISITIONS (PBSA) IN THE DEPARTMENT OF DEFENSE.....December 2000.  
<http://www.arnet.gov/Library/OFPP/BestPractices/pbsc/library/DODguidebook-pbsa.pdf>***

